

CINCINNATI BELL INC
Form 10-Q
August 04, 2016

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549
FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934
For the Quarterly Period Ended June 30, 2016

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934
For the transition period from _____ to _____
Commission File Number 1-8519
CINCINNATI BELL INC.

Ohio 31-1056105
(State of Incorporation) (I.R.S. Employer Identification No.)
221 East Fourth Street, Cincinnati, Ohio 45202
(Address of principal executive offices) (Zip Code)
(513) 397-9900

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer

Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

At July 31, 2016, there were 210,173,102 common shares outstanding.

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Form 10-Q Part I Cincinnati Bell Inc.

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(Dollars in millions, except per share amounts)

(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2016	2015	2016	2015
Revenue				
Services	\$244.9	\$229.4	\$486.4	\$459.2
Products	54.3	56.4	101.7	119.5
Total revenue	299.2	285.8	588.1	578.7
Costs and expenses				
Cost of services, excluding items below	124.8	114.4	248.0	228.0
Cost of products sold, excluding items below	46.0	47.8	85.5	100.4
Selling, general and administrative, excluding items below	56.2	57.0	109.4	109.2
Depreciation and amortization	44.8	34.0	88.2	66.6
Other	—	2.9	—	7.7
Total operating costs and expenses	271.8	256.1	531.1	511.9
Operating income	27.4	29.7	57.0	66.8
Interest expense	19.9	28.0	40.2	60.7
Loss on extinguishment of debt, net	5.2	13.5	2.8	13.5
Gain on sale of CyrusOne investment	(118.6)	(295.2)	(118.6)	(295.2)
Other (income) expense, net	(1.1)	1.3	(1.1)	4.8
Income from continuing operations before income taxes	122.0	282.1	133.7	283.0
Income tax expense	44.4	101.4	49.1	102.0
Income from continuing operations	77.6	180.7	84.6	181.0
Income from discontinued operations, net of tax	—	10.9	—	59.8
Net income	77.6	191.6	84.6	240.8
Preferred stock dividends	2.6	2.6	5.2	5.2
Net income applicable to common shareowners	\$75.0	\$189.0	\$79.4	\$235.6
Basic net earnings per common share				
Basic earnings per common share from continuing operations	\$0.36	\$0.85	\$0.38	\$0.84
Basic earnings per common share from discontinued operations	\$—	\$0.05	\$—	\$0.29
Basic net earnings per common share	\$0.36	\$0.90	\$0.38	\$1.13
Diluted net earnings per common share				